

Approved 10/21/10

**Amherst Finance Committee
September 30, 2010, 7:00 P.M.
First Floor Meeting Room, Town Hall**

ATTENDANCE:

Andrew Steinberg (Chair), Kay Moran (Vice-Chair), Phil Jackson, Douglas Slaughter, Bob Saul, Gary Abbott, Marylou Theilman

OTHERS PRESENT:

John Musante, Assistant Town Manager/Finance Director; Walter Wolnik and Fred VanDerbeck, Pelham Finance Committee; and ACTV

Agenda:

1. FY 10 Budget results – 10 minutes
2. News affecting budget, including federal jobs/education and “Race to the Top” funds, potential effect of Ballot Question #3 – 10 minutes
3. Report on regional dispatch proposal – 5 minutes
4. Report from Subcommittee regarding report templates and discussion of budget content and format – 20 minutes
5. Budget Coordinating Group report, including Town-wide 2012 budget calendar – 15 minutes
6. Long-term financial projections, to include discussion of pension and health care obligations to retirees – 5 minutes
7. Finance Committee articles for fall Town Meeting – 15 minutes
8. Fall Finance Committee meeting schedule to establish interim guidelines and consider fall TM articles -10 minutes
9. Discussion of Open Meeting Law requirements – 5 minutes
10. Minutes – April 1, April 8, April 15, July 8 – 10 minutes

Minutes

Meeting was called to order at 7:32 p.m.

Steinberg recognized and congratulated Musante on his appointment as town manager, effective 10/1/10.

1. FY 10 Budget Results

Musante stated that despite continued financial challenges, and cuts to state aid, with a Proposition 2 ½ override, and restructuring of school and town services, the town completed the fiscal year ended June 30 with a 1.1% budget surplus. Once validated by the state, a surplus of \$712,793 will be deposited in the town’s reserve funds, bringing the balance of these funds to approximately \$4.5-4.7M.

This resulted from a combination of greater than expected revenue and reductions of expenditures. (See Item 1)

Additional FY10 reports were provided by the regional schools and the library (see Items 2 and 3). The Amherst schools are preparing an end of year report, which was not ready at the time of the meeting.

Saul inquired about a shortfall in the Solid Waste Enterprise fund, which Musante noted was based on revenue shortfalls due to unrealized revenues for methane gas credits and cell phone tower rental.

2. News affecting budget, including federal jobs/education and “Race to the Top” funds, potential effect of Ballot Question #3

The biggest issues affecting the budget are two referendums on the November ballot. Question 1 would repeal the sales tax on alcohol and Question 3 would reduce the state sales tax by more than 50% starting Jan. 1, 2011. If passed, these measures would result in a \$4.5B reduction in state revenue and likely mean a \$4M reduction in state aid to Amherst and a similar reduction in state aid to the regional schools.

In May Annual Town Meeting voted an elementary school budget for FY 11 which included state aid reduced by 4% from FY 10 levels. The state aid would be a combination of Chapter 70 aid and State Fiscal Stabilization Funds received as a grant. Since the percentage of each was not known at the time, the vote was taken on the assumption that all state aid would be Chapter 70. Instead, \$113,124 will come as a State Fiscal Stabilization Funds grant. Grants can be spent without appropriation by Town Meeting, so Fall Town Meeting will be asked to reduce the FY 11 elementary school appropriation by \$113,124. Additional federal stimulus and jobs monies have been provided in the form of grants. Some of the funds that were received this year may be able to be carried over into the next fiscal year. (See Items 4 and 5)

3. Report on regional dispatch proposal

A feasibility study has been completed. Funding for this study was obtained through a state grant funded by 911 surcharges. The report has been distributed to Amherst, 10 neighboring communities and UMass. The next step will be to determine which communities are interested in moving forward. A second grant has been awarded for fund design and pre-construction service.

There will likely be an independent agency created and participating communities would pay assessments. This requires special legislation from the state level. Musante indicated it was likely two years, minimum, to launch this entity, but stated that it would yield significant cost savings to the town.

Moran commented that the state is likely to mandate staffing and equipment requirements for call centers that would be prohibitive for most small communities, making regionalization a must. Musante noted that Maryland has only six call centers in the state compared to Massachusetts which has nearly 300.

4. Report from Subcommittee regarding report templates and discussion of budget content and format

Moran presented proposed template elements (see Item 5) for standardizing the committee’s report to town meeting. She also suggested an additional element for consideration: describing services provided by/to another department or fees picked up by another budget, e.g., legal services, which are in the Town

budget, being provided to the library; Musante suggested this might be folded into the section providing an overview of the basic functions of each budgeting area.

Abbott asked a question regarding the definition of “full-time equivalent (FTE),” a proposed element of the report template. Steinberg noted that the Budget Coordinating Group (BCG) has been discussing this, as there is not uniformity across town, schools and the library.

Theilman inquired about benefits for part-time staff in the schools. Musante indicated that staff working 20 hours/week or more are eligible.

Steinberg noted the committee will need to discuss and adopt the template prior to preparing the report for annual town meeting. He suggested that a letter to the school superintendent and library director apprising them of the guidelines was appropriate.

The sub-committee minutes (see Item 6) were approved 3-0.

5. Budget Coordinating Group report, including Town-wide 2012 budget calendar

Steinberg distributed the BCG summary points (see Item 7).

Jackson inquired as to how the committee was functioning and how effective it has been in coordinating the various budgets. Steinberg, Slaughter and Musante all indicated that it had functioned well, but there was certainly room for improvement. The town-wide budgeting calendar (see Item 7) was reviewed to identify committee meetings.

Jackson offered to create a flow chart or other visual representation of the calendar for future consideration.

6. Long-term financial projections, to include discussion of pension and health care obligations to retirees

The Four Boards Meeting (10/14/10) will include a presentation by an independent consultant on creation of a trust fund for Other Post-Employment Benefits (OPEB) liabilities. While the town contributes to a fund for pensions, it does not presently fund healthcare costs.

This presentation will be broadcast on ACTV. Jackson recommended contacting the Town Meeting Coordinating Committee (TMCC) to ask them to publicize this event to town meeting members.

7. Finance Committee articles for fall Town Meeting

There are three articles that directly relate to the budget (see Item 8):

FY10 Budget Amendments

- a) Municipal Operating Budget
- b) Elementary Schools
- c) Medicare Part D Funds
- d) Solid Waste Fund

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Acceptance of MGL c.325B, s.20
Capital program - Bond for roads
Capital program – Reallocate \$120,000 from Patterson property

The Finance Committee will need to prepare a report on these articles for inclusion in the town meeting mailing scheduled for 10/27/10.

8. Fall FC meeting schedule

The committee discussed scheduling of warrant article presentations for preparation of the committee's report to town meeting and further discussion of the proposed report template. Committee considered possible meeting dates, including 10/20/10 to discuss.

9. Discussion of Open Meeting Law requirements

Committee discussed creating a template for minutes to ensure compliance. It was decided that documents discussed at meetings can be listed at end of minutes and cross-referenced.

Musante will check with town counsel to determine the legality of using cloud computing, e.g., Google docs, for review/revision of minutes.

10. Minutes – April 1, April 8, April 15, July 8

The committee reviewed and approved minutes, as follows:

April 1, as amended 6-0 with one abstention

April 8, as amended 6-0 with one abstention

April 15, as amended 6-0 with one abstention

July 8, as amended 6-0 with one abstention

Next committee meeting is October 14, 2010.

The meeting adjourned at 9:45 p.m.

Submitted by Phil Jackson, Acting Clerk

Documents Discussed

Item 1: Musante memo dated 8/27/10 to Select Board, Finance Committee and Larry Shaffer; FY10 Municipal Budget Quarterly Budget/Actual Report for Fiscal Year Ending June 30, 2010

Item 2: Spreadsheet from Jones Library detailing FY10 expenses and operating budget

Item 3: Amherst-Pelham Regional School District FY 2009-2010 End of Year Budget Report

Item 4: Detweiler memo dated 8/31/10 to Maria Geryk and the Amherst School Committee; Chapter 70, SFSF and EdJob Grants

Item 5: Detweiler memo dated 8/31/10 to Maria Geryk and the Amherst-Pelham Regional School Committee; Chapter 70, SFSF and EdJob Grants
Item 6: Finance Committee Report Template Subcommittee Minutes July 21, 2010

Item 76: Amherst Budget Coordinating Group Summary Points – September 23, 2010

Item 87 Town of Amherst – FY2012 Budget Development Calendar

Item 98: November 8, 2010 Special Town Meeting Draft List of Warrant Articles – Revised 9/30/10